

# Memorandum

To  
Fred Gore

MasterCard  
International



From  
Edward Hogan

Date  
March 21, 1996

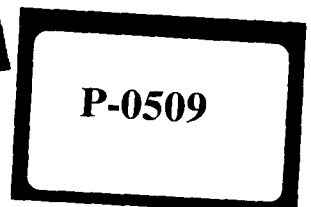
Subject  
Your Memo On Electronic Commerce

Copies to  
Alan Heuer  
Tom Pouliot  
Dana Myers w/ original memo  
Steve Mott w/ original memo

The situation is this:

- In late December, I turned over the Electronic Commerce functions to GPI under Heidi Goff, (including the staff).
- GTO and GPI decided to cause the Certificate Authority function to be re-bid on a more formalized and detailed basis.
- The bidding process caused MCI to suspend our ability to notify the membership of our planned October 1 implementation date. (A Certificate Authority vendor must be selected in order to provide complete and adequate information to the members.)
- I, as the author of the notion of a reduced interchange fee for EC, advised Alan Heuer that I did not believe the rebate should go the U.S. Board of Directors for an October 1 start date as I believed EC would likely not be implemented as planned.
- So much for the rebate. With respect to the date for membership implementation of EC, that decision rests with GPI and/or GTO. I believe with Steve Mott and Dana Myers reporting to Phil Verdi and Jerry McElhatton respectively. I do not believe that it is possible for the membership to be ready for EC by this Fall. It is too late. Please understand that is merely my opinion, not my decision. The decision is up to GPI and/or GTO. I do not know if we are going live this year or not. However, the matter needs to be decided and the membership needs to be advised. They, like you, think it is this Fall.

Hope this helps.



# Memorandum

To

Ed Hogan

MasterCard  
International



From

Fred P. Gore

A handwritten signature in dark ink, appearing to be "F. Gore" with a stylized flourish.

Date

March 6, 1996

Subject

Electronic Commerce

Copies to

Alan Heuer, Heidi Goff

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It has recently come to my attention your request to remove from the U.S. Board agenda the Electronic Commerce Interchange Rebate program presentation. This is very disappointing. I thought that we had agreed that having an incentive for acquirers and merchants is important for the success of the new security methodology SET.

Of much greater concern is the decision to remove from the March Operations Bulletin the Electronic Commerce section because of the belief that MasterCard will not be in a position to implement SET in release 96.2.

Electronic Commerce is an important topic to our acquirers and merchants. Recent talks with Wal-Mart, Ticketmaster, LL Bean and America Online have focused on our leadership position in implementing an open security standard for our brand. Visits with NPC, FDC CES/NaBANCO, Wells Fargo, Bank of America and First USA have all centered around their plans on implementing an electronic commerce processing solution. Not being able to support an implementation of *our* security methodology would seriously jeopardize our efforts with these merchants and hurt our creditability with the membership. MasterCard should not be perceived as the entity holding up electronic commerce.

Please call me at your earliest convenience to discuss the alternatives to get SET and Electronic Commerce back on track.

Thank you.